

Unlike many cities, Chicago is losing people. Many of them are moving to Minnesota

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By Greta Kaul | 12/04/2018

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In recent years, the Chicago metro area has seen its population stagnate, then decline.

This Thanksgiving, Veronica Harper marked one year in the Twin Cities.

Born and raised in Chicago, the 28-year-old was ready for a change. She felt there were more job opportunities in the smaller metro area. Plus, having visited family in Minnesota on several occasions, she was pretty familiar with the place.

So, she decided to move up here when she landed a human resources job.

Harper isn't alone.

In recent years, the Chicago metro area has seen its population stagnate, then shrink. As many metro areas see growth, it's one of just a few big metro areas in the U.S. experiencing a

population drop.

Among the gainers from Chicago's loss? Minnesota.

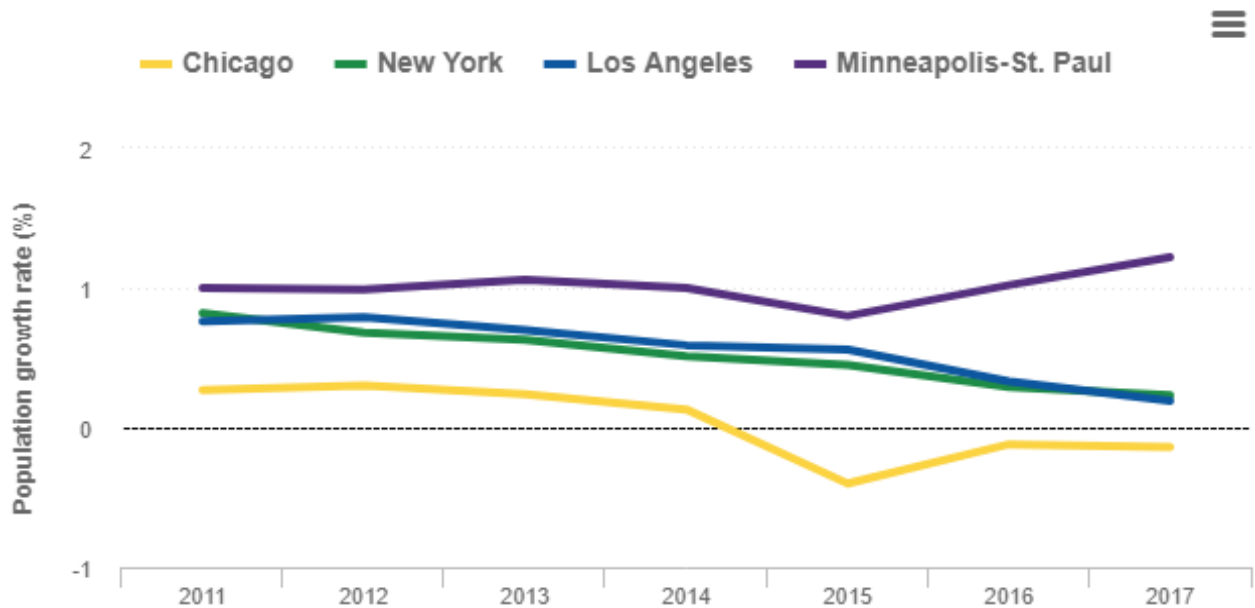
Population declining

According to Census estimates, Chicagoland lost more than 13,000 people between 2016 and 2017.

That's not a huge share of the population of the metro area of 9.5 million, but it does represent the third year of declines, and it comes at a time when most big U.S. metros are seeing their populations grow. Chicago is the only one of the 10 biggest U.S. metro areas to have seen population loss between 2016 and 2017.

Population growth rate by metro area, 2011-17

Many metros are seeing their growth slow, as population age and fewer babies are born. Chicago has seen its growth rate not just slow, but go negative.



Chicago, 2016: -0.12% growth

Source: Chicago Metropolitan Agency for Planning, U.S. Census Bureau

For Chicago, that's partly the result of a slowing birth rate and an increasing death rate — factors many parts of the U.S. face as their populations age and millennials delay childbirth and have fewer children than previous generations. But those factors are common to many metro areas, and they aren't the only things behind Chicago's population decline.

"Others are seeing declining population growth rates, but they're still growing. In the Chicago region, we're seeing population decline," said Aseal Tineh, associate policy analyst with the Chicago Metropolitan Agency for Planning (CMAP).

As Chicago's birth rate has declined, its net domestic migration — moves in and out of

Chicago within the U.S. — has moved further into the red, while international migration has slowed.

Drivers of change in Chicago population, 2005–2017

Note: data from 2010 are not available.

Births

Deaths

International migration

Domestic migration

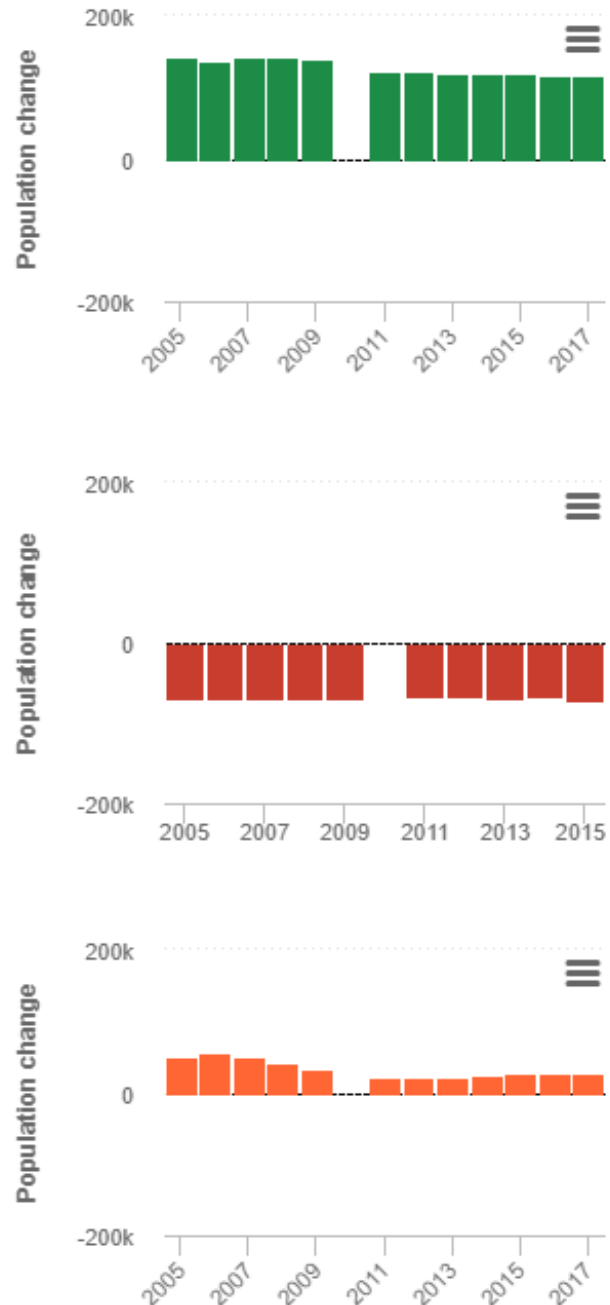
Source: Chicago Metropolitan Agency for Planning, U.S. Census Bureau

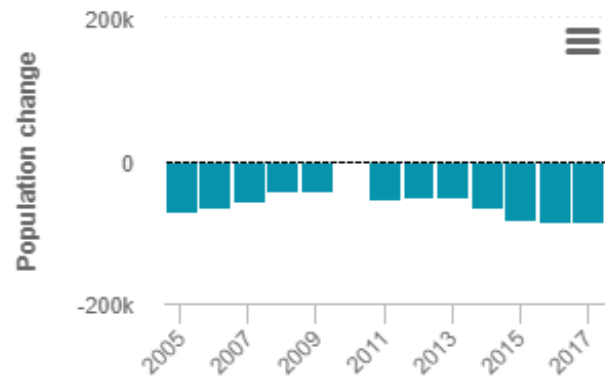
Such losses have prompted local leadership to raise the question of who's leaving and why, to which there are some answers.

Chicago's black population has declined every year since at least 2005, something researchers believe has to do with housing, a perception that there are more opportunities elsewhere and safety. Its white population, which is a bigger part of the metro, is also declining, Tineh said.

According to analysis by CMAP, Chicago is losing low- and middle-income people and gaining higher-income residents. It's also losing people age 19 and under, and has fewer adults age 35 to 49, pointing to a decrease in families.

Some of those displaced Chicagoans are moving to Minnesota. Minnesota had positive net gains in people from Illinois every year between 2010 to 2016, the most recent year of data available, according to data from the Internal Revenue Service, which tracks migration through tax returns. In 2016, the net gain was more than 500 households.



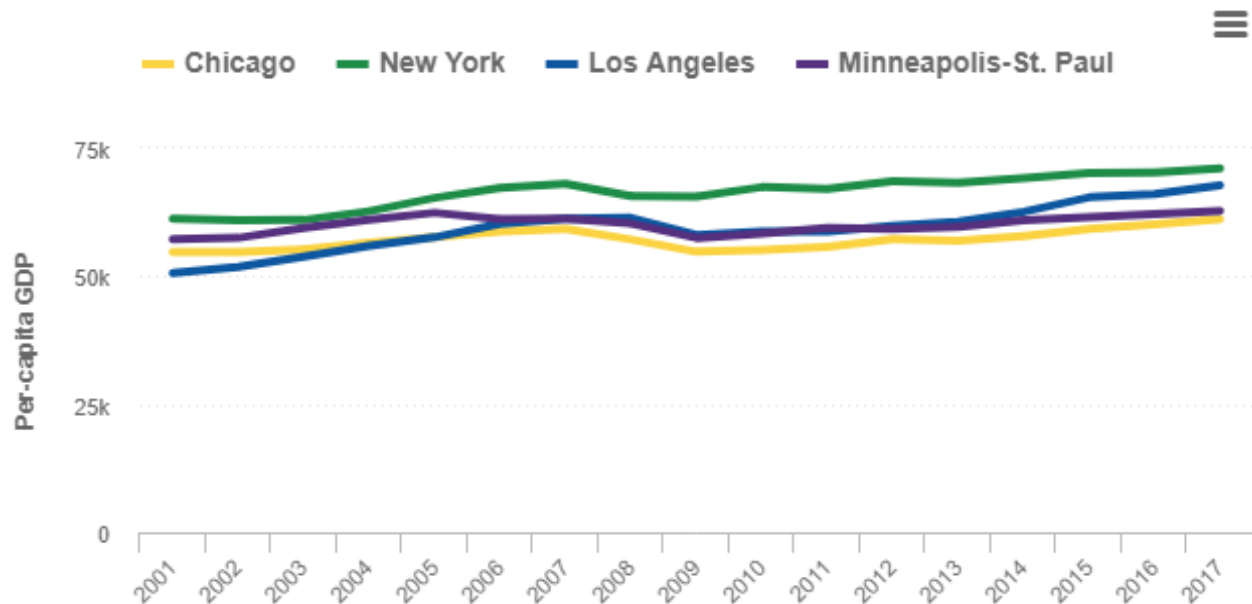


Moving away

There are a few things that could be behind Chicago losing population while other metros aren't. One is the economy: "The economy's been growing again, but it hasn't been growing as well or as fast as our peer regions have," Tineh said.

Chicago's per-capita gross domestic product, a measure of the value of goods and services an economy produces, hovers below that of its big city peers, and it's been slower to gain ground post-recession than other metros, according to data from the Federal Reserve Bank of St. Louis.

Per-capita gross domestic product by metro area, 2001-2017

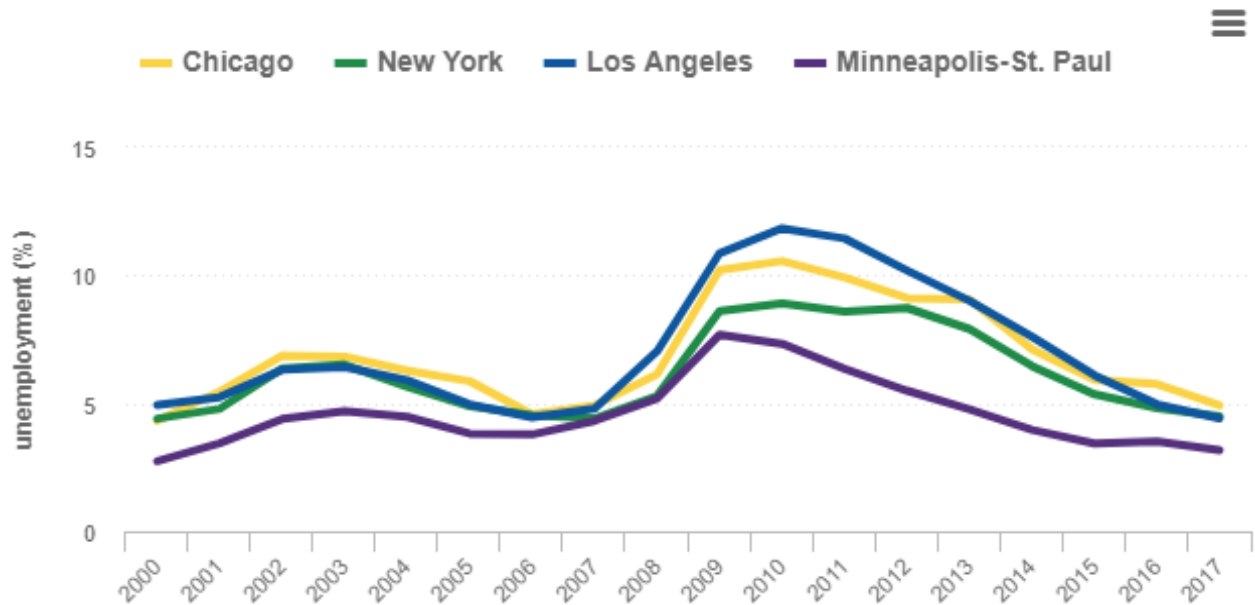


Source: Federal Reserve Bank of St. Louis

Chicago's unemployment rate was also higher than many metros' during the Great Recession, and remains higher – even amid a tight employment market – than its peers.

Unemployment in the Chicago metro area was 4.9 percent last year, compared to 3.2 percent in Minneapolis-St. Paul.

Unemployment by metro area, 2000-2017



Source: Federal Reserve Bank of St. Louis

“The tight labor market facilitates moving,” said Rob Paral, who studies Chicago population trends at Paral and Associates. “That’s going to make it easier to move. That’s more of a lubricant.”

But employment might not be the only lubricant.

Significantly more Chicagoland residents are spending a bigger share of their paycheck on housing than are Minneapolis-St. Paul residents, according to a report from the Harvard Joint Center for Housing Studies.

In Chicago, 50 percent of renters are cost-burdened – defined as paying more than 30 percent of their income on housing costs – 28 percent of them severely, which means they spend more than 50 percent of their income on housing. In Minneapolis, 46 percent of renters are cost-burdened, 23 percent of them severely. When it comes to home ownership, 28 percent of Chicago homeowners are cost-burdened, 12 percent severely, while 20 percent of Minneapolis-St. Paul homeowners are cost-burdened, 8 percent severely.

For her part, Harper, who lives in Brooklyn Center, said she hasn’t noticed a huge difference in rent prices between Chicago and the Twin Cities, but she has noticed apartments here seem to have more amenities for the price.

Taking notice

Those who seek to recruit workers from other states have taken notice of Chicago’s situation.

A Wisconsin ad campaign has been pitching the Badger State to millennials in Chicago, touting short commute times, lower cost of living and other amenities.

In recent years, no other city has lost more working professionals — people with at least an associate's degree in the workforce, to other cities in the U.S., said Matt Lewis, the director of Make It. MSP, an organization focused on attracting and retaining talent in the Twin Cities. He's got his eye on Chicago, too.

As Minneapolis-St. Paul's closest sizable neighbor, it's a natural talent market.

Nearly 60 percent of Chicagoans surveyed by Greater MSP would consider moving to the Minneapolis-St. Paul area — the second-highest of any metro area after Detroit (68 percent). Just 38 percent of Phoenix respondents said they'd consider moving to the Twin Cities. Minneapolis-St. Paul ranks high with professionals who have families — a factor that could help it appeal to Chicagoland families that are leaving.

When people who moved here from Chicago were asked why they moved, the most common reasons were the same reasons people from anywhere cited for moving, Lewis said: for economic opportunity and to be closer to family. For Chicago transplants, the third most frequently cited reason was overall quality of life.

Make It. MSP isn't planning on doing ad campaigns in Chicago, but it does work to capitalize on the work Twin Cities employers are already doing to recruit in Chicago are doing.

"If people tend to move because of career opportunities and their family and friends ... then it's most important for us to have a strong economy and tell people about it and leverage the network effects of the people who have those relationships," Lewis said.

Attracting Chicago residents could be a good strategy as the Twin Cities looks toward a long-term labor shortage. But there are some challenges when it comes to retention. On the whole, Minneapolis-St. Paul has high retention rates, but it sometimes struggles retaining people of color.

Landing jobs in the Twin Cities has turned out to be a quick turnaround for Harper, who now works in human resources at a nonprofit. Making friends? Much harder.

"A lot of people don't leave Minnesota, so their social scenes are already established," Harper said. That's hard for young professionals — especially young black professionals like herself in a state that doesn't have a lot of cultural literacy surrounding diversity.

At conferences, she said, "they're talking about diversity and challenges and it's great they're having the conversations, but what are you doing about it?" she said.

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